

Taxpayer Advocates Serve as Problem Solvers at the IRS

Most tax problems can be solved with one contact either by calling, writing, or visiting an IRS office. But, if you or any of your employees have tried unsuccessfully to resolve a problem with the IRS, you should contact the people in the Problem Resolution Program (PRP).

In PRP, you will have a personal Taxpayer Advocate who has the authority to make sure the IRS takes all necessary actions to correctly and completely resolve your tax problem. The Taxpayer Advocate will also offer you special help if your tax problem causes a significant hardship.

Last year, Taxpayer Advocates effectively resolved more than 273,000 cases nationwide. The recently enacted IRS Restructuring and Reform Act has given the Taxpayer Advocate's office additional authority to resolve your tax problems.

A Rule of Thumb: You should contact the Taxpayer Advocate if;

- You have made at least one attempt to resolve the problem with the IRS, and;
- You were unsuccessful or IRS did not contact you by the date promised.

While the Taxpayer Advocate cannot change tax laws or regulations, they are strong allies of the public to help resolve difficult problems. To help taxpayers even more, IRS has established a new toll-free Taxpayer Advocate hotline, 877-777-4778. Persons using TTY/TDD equipment should call 800-829-4059 and ask for Problem Resolution. —IRS

1999 Social Security Changes Announced

In 1999, the Social Security wage base will be \$72,600 up from \$68,400 in 1998. Beginning January 1, 1999, employers should withhold Social Security taxes (6.2 percent) from employees' wages up to \$72,600 and withhold the Medicare tax (1.45 percent) on all wages. Employers must match the tax payments withheld from employees' wages.

In 1999, an employee will earn one Social Security credit for each \$740 in earnings, up to a maximum of four credits for the year. Social Security beneficiaries who work can earn more in 1999 before their benefits are reduced.

Beneficiaries under age 65 in 1999 can earn \$9,600 before their benefits are reduced. For every \$2 a person under age 65 earns over \$9,600, \$1 is withheld from benefits.

Beneficiaries between the ages of 65 and 69 can earn \$15,500 in 1999 without reducing their Social Security benefits. For every \$3 a person earns over \$15,500, \$1 is withheld from benefits.

Benefits are not reduced for persons who are age 70 or older and continue to work, regardless of how much they earn.

Persons who receive Social Security disability benefits must report all of their wages, no matter how little they earn. —SSA

Are you Y2K OK?

A message from the U.S. Small Business Administration and the IRS

On January 1, 2000, some computer-based systems will begin processing information as if it were January 1, 1900. This is called the Year 2000 problem or the "Y2K bug." It may cause problems for your small business unless you act now. This is not just a computer problem. It could affect any equipment that uses a computer chip as well as the suppliers and business partners you rely on.

Here are three steps every small business should take:

1. Self-Assessment. Take a self-assessment test. Check your computers, as well as any electronic equipment that uses time-sensitive embedded electronic chips. The U.S. Small Business Administration's Y2K website explains how to take this test.

2. Take Action Now. Don't wait. Fix any Y2K problems you uncover, and test your results. Ask your vendors for assistance.

3. Stay Informed. Logging on to various Internet Y2K sites is an excellent way to stay current; the SBA website is a good place to start. Ask your bank, building manager, suppliers, customers and others critical to your organization if they are Y2K-compliant.

For more information contact the SBA at 800-U-ASK-SBA, or www.sba.gov. —SBA/IRS



IRS Tip Agreements Help Employers and Workers

The IRS is continuing its emphasis on a multi-year strategy to increase tax compliance by tipped employees. Originally developed for the Food and Beverage industry, this program has now been extended to the Gaming (casino) and Hairstyling industries.

There are two arrangements under this program that, depending on their business, employers in specific industries can agree to enter into: The *Tip Rate Determination Agreement* (TRDA) is available to the Gaming and the Food and Beverage industries and the *Tip Reporting Alternative Commitment* (TRAC) is available to the Food and Beverage and the Hairstyling industries.

First introduced in 1993, the TRDA set the stage for a new way of doing business at the IRS. This arrangement emphasizes future compliance by tipped employees in the Food and Beverage industry by utilizing the tip rates individually calculated for each restaurant. In addition, as long as the participants comply with the terms of the agreement and accurately report their tip income, the IRS agrees not to initiate any examinations during the period the TRDA is in effect. When TRDA was first introduced in 1993, initial response from the industry was mixed. Today the TRDA is a viable option for many restaurants.

The second arrangement, TRAC, grew out of a collaborative effort between the IRS and a coalition of restaurant industry representatives. It was first introduced in June 1995.

TRAC emphasizes educating both employers and employees to ensure compliance with the tax laws relating to tip income reporting. Employees are provided tip reports detailing the correlation which exists between an employee's charge tip rate and the cash tip rate. In general, the District Director will not initiate any examinations on either the employer or employees while the agreement is in effect if participants comply with the provisions of the agreement.

The overall response to TRDA and TRAC has been very positive among employers who seek to foster compliance by their employees in a manner that is relatively simple and that makes good business sense. In addition, there are benefits for both the employer and the employees.

Employer Benefits

After Congress passed a law in 1988 requiring employers to match and pay assessments made against employees, the IRS performed significant amounts of tip audits. The IRS was expending a significant amount of resources to conduct these examinations. Some employers found themselves in a financial crisis having to come up with the tax being assessed against them when there had not been any financial planning for this. Employees were being hit just as hard.

Under TRD/EP, the IRS agrees not to perform any tip audits while either a Tip Rate Determination Agreement (TRDA) or a Tip Reporting Alternative Commitment (TRAC) is in effect. The employer is granted a credit allowance (Code Section 45B) for Social Security taxes paid on tips reported by employees in excess of minimum wage. The employer is then in compliance with the law.

Employee Benefits

The employee receives several benefits. Greater Social Security benefits accrue based on the tip earnings reported. Increased tip earnings translates to increased proof of income when applying for mortgage, car, and other loans. There is an increase to unemployment benefits, retirement plan contributions (if applicable), and to worker's compensation. There will not be any subsequent tip examinations of the employee's tax returns as long as the terms of the arrangement have been met and all tips have been reported.

As of June 30, 1998, the IRS has received more than 8,000 TRAC agreements, representing over 25,000 establishments nationwide. The num-

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More Tips on Tips

Large Food or Beverage Establishments Need to File Form 8027 With the IRS

You may meet the definition of a "large food or beverage establishment" if you employ more than 10 employees. If you do, the law requires that you file Form 8027, *Employer's Annual Information Return of Tip Income and Allocated Tips*, with the IRS.

If you meet the definition, the law requires that you report certain tip information to the IRS on an annual basis. You should use Form 8027 to report information such as, total charged tips, charged receipts, total reported tips by employees, and gross receipts from food and beverage operations. Also, employers must allocate tips to certain directly-tipped employees and include the allocation on their employees' W-2 forms when the total of reported tips is less than 8 percent.

The IRS offers a program that business owners can enter into to help them educate their employees about tip reporting and tax obligations. This is the "*Tip Rate Determination and Education Program*." There are two arrangements under the program that a food and beverage employer can enter into, *TRDA - Tip Rate Determination Agreement*, or *TRAC - Tip Reporting Alternative Commitment*.

To find out more about this program and whether you should be filing Form 8027, contact the Tip Coordinator for your local IRS office. Check your telephone directory for the IRS office in your area. They can provide the mailing address and phone number for the Tip Coordinator.

You can get a copy of Form 8027, and its instructions, by calling 800-TAX-FORM (800-829-3676). You can also get copies of most forms by dialing, 703-368-9694, from your fax machine. —IRS

Are Your Substitute Forms Understandable

Make sure the substitute Forms 1099, 1098, W-2, and K-1 that your company issues are understandable. While these substitute forms should meet the requirements found in Revenue Procedures 98-37, 98-33, and 97-54, please don't stop there. In order to save both you and your clients time and money, the information reporting documents must be clear and concise.

Taxpayers must be able to understand 1) the information that is being supplied to them, and 2) which parts of it are to be reported on their individual income tax returns. Your clients should not need to read a book to figure out what you have given them. Remember, if your clients cannot understand their tax reporting documents, the least you could lose is valuable time when they call you with questions. Ultimately, you risk losing their business to another firm that issues readable, understandable information reporting documents. —IRS

Employers Provide Hope and Support for Children

"I never knew when I was going to get a check, if it was going to be the full amount, when it would come, or if the funds would even be good. And I didn't like having to pick up the phone and beg for money," says Nan Hulse, a mother of two in Olympia, Washington, of her trials in getting child support. "So an employer withholding child support — in a timely fashion, and getting the money to me — has been critical to the survival of my household."

Thanks to the nation's employers, \$8 billion — that's more than 60 percent of the \$13.4 billion of child support collected in 1997 — was

collected through income withholding. With the advent of the national *New Hire Reporting Program*, state agencies now have better and more timely information on previously hard-to-find cases, and employers can begin withholding sooner, helping families like Nan and her children. As you may know, the New Hire Reporting Program requires employers to report information on newly-hired employees to a designated state agency shortly after the date of hire.

The national *New Hire Reporting Program*, mandated by the *Personal Responsibility and Work Opportunity Reconciliation Act* (welfare reform), arrived on the scene October 1, 1997. This program helps to locate non-custodial parents across state lines. After these parents are found, state agencies can establish child support orders and work with the business community to withhold child support payments. In just one year, employers have submitted more than 41 million new hire reports to states, demonstrating positive employer participation. At the federal level, more than 1.1 million cases of parents owing child support and living in a state different from where their children live were located in the first year of operations. These interstate cases are the most difficult types to resolve.

Naturally, there is room for improvement. Submitting new hire reports with accurate Social Security numbers (SSNs) is critical to the success of the program. Approximately 7 percent of new hire records are rejected because of name/SSN mismatches. One of the most common reasons for record rejection is when an employee forgets to tell the Social Security Administration (SSA) about their name change following a marriage or divorce.

To make things easier for employers and reduce error rates, the federal Office of Child Support Enforcement (OCSE) and SSA will conduct a pilot in two states using *New Hire Reporting Program* data to

alert employers about names/SSNs that do not match SSA's records.

The pilot will work like this:

- Employers in two states (to be selected in early 1999) will be included in the pilot.
- If the name/SSN on a new hire report does not match SSA records, SSA will mail a notice to the employer within four to six weeks of the employer's initial report.
- The notice will be informational only. No reply or submission of another new hire report will be required.
- The employer will be responsible for checking its records and talking to the employee to resolve the mismatch where possible. If necessary, the employer can refer the individual to SSA to resolve the problem.
- The employer will be responsible for changing its payroll records to reflect the correct name/SSN to prevent problems in any future reports to the SSA, IRS, child support agencies, etc.

After the pilot results are evaluated and the results shown to be cost-effective, OCSE and SSA hope to offer this service to all employers nationwide.

OCSE is working closely with states to track the results of new hire reporting and related pilot programs. In the near future, a report will be released summarizing the savings to employers and states as a result of these new programs.

In the meantime, keep in mind Nan Hulse's answer when asked what she would tell employers about their cooperation with the child support program: "Thank you. That's what I'd say to the employers. Thank you."

For more information, please contact your state child support agency. If you need more information, call the Federal Office of Child Support Enforcement Information Line @ (202) 401-9267. You may also visit the OCSE website, which links to 43 state websites, www.acf.dhhs.gov/programs/cse/. —DHHS

Businesses Have Several Options for Filing and Paying Taxes Electronically

Read these stories to find out how you can use IRS electronic services to make your tax process quicker and easier!



941e-file Option is Fast, Flexible, Safe

If you are a Software Developer or Reporting Agent that files 10 or more Forms 941, *Employer's Quarterly Federal Tax Return*, you can file your Form 941 tax information electronically. A Reporting Agent is an accounting service, franchiser, bank or other entity that complies with Revenue Procedure 96-17, *Instructions for Preparing and Submitting Form 8655*, and is authorized to prepare and file Form 941 electronically for a taxpayer. Using this option requires you to send data in Electronic Data Interchange (EDI) format as described in Publication 1855, *Specification Guide For The Electronic Filing of Form 941, Employer's Quarterly Federal Tax Return*. Electronic Filers must also comply with the Revenue Procedure 97-47, 1997-42 IRB dated October 20, 1997.

This option provides the following benefits:

Confidence

- Returns are processed quickly and without errors;
- Electronic security reduces the chances of duplicate or erroneous returns;
- The system automatically conducts security checks and validates the user and personal identification number (PIN);
- The electronic jurat provides paperless signature;

Speed

- Acknowledgment record is placed in the originator's electronic mailbox within 48 hours of receipt;

- Processing time is reduced to one week;
- Minimal hands-on processing means no paperwork delays;
- Inventory backup is eliminated;
- Error resolution volume is significantly reduced because fewer returns need corrections;
- Tax return information is easily and quickly accessed through IRS Customer Service sites;

Flexibility

- With an appropriate software package, almost any computer can be adapted to transmit return information;
- Information can be easily shared with other agencies or the taxpayer;
- Commercial EDI translation software packages are available. Form 941 EDI preparation software is also available;
- The system accepts balance due returns.

To participate, mail your application to:

Internal Revenue Service
P. O. Box 1231, Stop 6380 AUSC
Austin, TX 78767

For technical assistance contact the IRS e-file Help Desk on either of the following telephone numbers: Austin on 512-460-8900 or Memphis on 901-546-2690 Ext. 7519.

If you have questions about 941e-file or other electronic business options, you may access the IRS website at www.irs.ustreas.gov.

You can find information specifically of interest to businesses by accessing the *Electronic Services* section - *IRS e-file Options for Businesses*. The electronic versions of the publications are in Portable Data File (PDF) format.

You may obtain publications related to 941e-file and other electronic

business options by calling 800-829-3676.

- Publication 15 - *Circular E, Employer's Tax Guide*
- Publication 334 - *Tax Guide for Small Businesses*
- Publication 3062 - (Revenue Procedure 97 - 47) - *Requirements of the Electronic Filing Program for Reporting of Form 941, Employer's Quarterly Federal Tax Return*
- Publication 1911 - (Revenue Procedure 96 - 17) - *Instructions for Preparing and Submitting Form 8655, Reporting Agent Authorization for Magnetic Tape and Electronic Filers* (Rev. 01/96)
- Publication 1855 - *Technical Specification Guide*, Rev. 1-97 (Note - change pages to Publication 1855 should be requested from the IRS e-file Help Desk.) —IRS



EFTPS offers all taxpayers an easy way to pay their federal taxes, and the benefits have sparked continuing interest and use. Nearly two million taxpayers have already enrolled in EFTPS. You don't need any special equipment to use EFTPS, but you have to enroll before you can get the benefits.

To join the millions of taxpayers already enjoying and experiencing the ease and convenience of making tax payments electronically through EFTPS, you may call EFTPS Customer Service at 800-945-8400 or 800-555-4447 to receive an enrollment form or additional information.

In September 1998, the U.S. Treasury Department announced that a total of over \$1 trillion in tax payments have been made through EFTPS. Taxpayers continue to use the system with great enthusiasm, with over 4,000 new enrollments

USERS AGREE: 941TeleFile Saves Time, Errors

Over 450,000 *Employer's Quarterly Tax Returns* were processed through the 941TeleFile system for the first and second quarters of 1998. This automated system, available nationwide, allows business owners the convenience of preparing and transmitting Form 941 information directly to the IRS using a Touch-Tone phone. The system is quick, easy and available 7 days a week, 24 hours a day. You can file your 4th quarter return with the 941TeleFile system from 9:00 a.m., January 4, 1999 through midnight, February 10, 1999.

IRS automatically mails the 941TeleFile tax package to millions of small businesses that may qualify for TeleFile each quarter. If you receive the purple and white TeleFile tax package and instructions in the mail, we have invited you to participate. The process is simple. You fill out the TeleFile Tax Record, call the system using the toll-free number listed in the instructions, and input the information from your TeleFile Tax Record. The system will automatically calculate your tax and balance due or overpayment amounts. You just record your confirmation number and keep the TeleFile Tax Record for your files. The call takes as little as 10 minutes.

Why use 941TeleFile? Participants in a recent focus group agreed that the process was easy, quick and convenient because they could make the call when their schedules permitted. They liked the fact that, after the call is completed, you're finished. You don't have to worry about postage, mail delivery or data input errors.

Use 941TeleFile this quarter. When you receive the package, check the TeleFile Tax Record and instructions to confirm your eligibility to file by phone. Then, you make the call, and we'll do the math. Let 941TeleFile work for you!

You Can File Your 941 by Phone If:

- You have a Touch-Tone telephone; and
- You were a monthly schedule depositor for the entire quarter. (See section 11 of *Circular E, Employers Tax Guide*, for information on the deposit rules);
- You have been in business at least 12 months at the end of this quarter.
- Your business name, address, and employer identification number (EIN) are correct as printed in the address window in your tax record; and
- You have a balance due of less than \$500. (LOOK FOR THIS TO CHANGE IN 1999). (If you use 941 TeleFile, any overpayment will be applied to your next return); and
- You file a return each quarter. (Do not use 941 TeleFile if you are a seasonal employer); and
- You do not have any schedules or attachments to file this quarter;
- You will not claim adjustments for this quarter, except for fractions of cents. (See *Circular E*).

If you have questions about 941TeleFile or other electronic business options, you may access the IRS Digital Daily website at www.irs.ustreas.gov. You can get information specifically of interest to businesses by accessing the *Electronic Services* section - *IRS e-file Options for Businesses*. The electronic versions of IRS publications are in Portable Data File (PDF) format.

Problems caused by changes in time zones have been corrected for the January 4, 1999 filing date. If you have a question or experience other difficulties, call our 941Telefile help desk at the Tennessee Computing Center, 901-546-2690 (NOT a toll-free number). —IRS

each week. Taxpayers are very pleased with the ease of use, convenience, accuracy and speed of EFTPS.

Information and enrollment packages have been sent to taxpayers that will be required to begin making their Federal Tax Payments electronically as of January 1, 1999. Remember, if you are required to make your Federal tax payments through EFTPS, paper coupons and checks cannot be used for any tax deposit obligations in-

curred on or after January 1, 1999.

EFTPS is available for business and individual taxpayers. Here is what taxpayers across the nation are saying about EFTPS.

"I have found the system to be excellent. It is fast, efficient, and forgiving when an error is made...a well thought out and complete system."

— Manager, Hardware Store

"I'm glad I don't have to deal with coupons, writing checks, and making trips to the bank."

— Health Service Provider

"Once I understood that this was the same technology as automatic bill payment or point-of-sale payments for groceries, I was completely comfortable with the system."

— Controller, Construction Management Company

Enroll in EFTPS Today! —IRS

Thirty-three Million Workers Receive Social Security Statement

Approximately 24 million workers between ages 40 and 47 have received a Personal Earnings and Benefit Estimate Statement from Social Security since October 1, 1998. Another 9 million are scheduled to receive a statement before March 31, 1999.

These statements are intended to help workers better understand the value of their Social Security benefits and help them plan a secure financial future. The statement displays a year-by-year record of the worker's earnings as well as benefit estimates they and their families may be eligible for now and in the future.

Because a workers' benefits will be based on the earnings that Social Security has recorded, it's important that they make sure the statement reflects their correct earnings. Although the statement asks workers to call Social Security if they believe their record is incorrect, employers should be aware that workers often contact their own payroll office first. This is especially true if a suspected error occurred while working for their current employer.

As required by law, Social Security began mailing the forms in 1995 to individuals age 60 and older. Since then, the mailings have gone to younger workers. This latest mailing to persons born in the years 1952 to 1959 is a final phase in preparation for the annual mailing beginning October 1, 1999 to all workers who are age 25 and older.

For additional information about Social Security benefits, visit this website — www.ssa.gov —, visit a local Social Security office, or call this toll-free number, 800-772-1213. —SSA

Last Year for 8 Inch Diskettes

Social Security will no longer accept 8 inch diskettes as a medium for filing Forms W-2 beginning with tax year 1999 (for W-2s due the last day of February 2000.) Alternatives to the 8-inch format include 3-1/2 or 5-1/4 inch diskettes, 3480 or 3490 cartridges, 1/2 inch 9 track tapes or electronic data transmission via the Online Wage Reporting Bulletin Board System (OWRBBS). (See OWRBBS article, this issue).

Employers can still use 8-inch diskettes for TY 1998 reports (due March 1, 1999), but must use another medium for their TY 1999 reports and any corrected or delinquent reports submitted after calendar year 1999, regardless of the tax year.

This may be the ideal time for 8-inch filers to transition to SSA's new *Magnetic Media Reporting and Electronic Filing* (MMREF) specifications. The MMREF is replacing the Technical Information Bulletins 4, 5, 6 & 7. All magnetic media and electronic filers will be required to change to this format for submitting TY 2001 wage reports. However, 8 inch filers may want to convert now. More information on TY 1998 filing and the MMREF is available on SSA's web site, www.ssa.gov/employer_info/index.html; **MMREF Pilot FAQs**.

To determine which reporting method is best for you, you may want to view magnetic media's frequently asked questions on our employer wage page at www.ssa.gov/employer_info/index.html; **MagMedia FAQs**, or call the Employer Hotline at 800-772-6270. —SSA

STAWRS: A "One-Stop Gateway" for Employer Tax and Wage Reporting

Employers, have you visited the STAWRS website? The Simplified Tax and Wage Reporting System (STAWRS), a multi-agency partnership between Federal and state agencies, employers and professional organizations, provides ways to decrease the burden for employers reporting tax and wage information. The STAWRS website, www.treas.gov/stawrs, provides an easily accessible mechanism for employers to find relevant tax and wage information.

The STAWRS website provides information based on customer needs, rather than by the agency listing or organizational boundaries. The site provides access to relevant tax and wage related information for businesses including: forms, regulations, and publications, without requiring you to know which agency is responsible, whether they have a web site, what the website address is, etc. It also includes links to participating agencies such as the Department of Labor, the Social Security Administration, the Internal Revenue Service, state tax authorities and unemployment insurance authorities.

If you are already familiar with the STAWRS website, you will be happy to know that we have redesigned it with users in mind to make it even more customer-friendly. The new structure allows existing businesses to find tax and wage information and forms more easily, and leads new businesses through the information discovery process. Look for the new and improved website later this month!

STAWRS welcomes your feedback and suggestions on the current website. Check out the STAWRS website at: www.treas.gov/stawrs. —IRS

More Year 2000 Information from SSA

Wage Report Test Files Not Necessary:

Employers have been inquiring about the need to send test magnetic media or electronic wage report files to SSA to make sure they will be acceptable for processing after the Year 2000 (Y2K). Since SSA's established proprietary software has already been tested by SSA and is used in production today, the submission of test files is not necessary. SSA's proprietary software includes the Technical Information Bulletins (TIB) 4, 5, 6 or 7 and the Magnetic Media Reporting and Electronic Filing (MMREF) format beginning with TY 1998 Pilot. As long as your magnetic media or electronic wage report files are produced using either the TIB or MMREF, SSA can process the data.

Y2K Changes for Social Security Number (SSN) Verification:

A new Y2K booklet is now available for SSA's Enumeration Verification Service (EVS). Beginning January 1, 1999, all EVS submissions must be submitted using the specifications contained in this booklet. SSA is accepting both the current and the new Y2K specifications through December 31, 1998. However, beginning January 1, 1999, only the new Y2K format will be accepted.

Letters explaining the new format were sent to all registered EVS users in October 1998. Specific changes include: expanding the date of birth format from six positions to eight and expanding the record length from 80 to 130 to allow additional space for user control data. The new Y2K booklet is available by calling toll free 800-772-6270 or by downloading from SSA's web site for employers: www.ssa.gov/employer_info. —SSA

New World Wide Web Site for Employers

Visit SSA's Employer Information Site on the World Wide Web at www.ssa.gov/employer_info. The new site offers important employer information, reporting tips, "how-to" help, frequently asked questions, and publications on wage reporting.

The site tells employers how to use SSA's free services, including electronic wage reporting, SSN verification, how to get direct help from SSA, and answers to wage reporting questions.

As a special feature, SSA's web site links to other sources of government information for employers, such as IRS for publications and forms, and the Small Business Administration.

The Employer Information Site is compatible with the systems and software of most Internet users. A text-only version of each section is accessible by a single mouse click, and many items can be downloaded.

Frequent updates will make SSA's Web Site for Employers a place you'll want to visit often to find out what's new in wage reporting for employers. —SSA

New Look for SSA's Electronic Filing

You can now transmit W-2 data directly to the Social Security Administration (SSA) from your personal computer using the new Online Wage Reporting Bulletin Board Service (OWRBBS). Using SSA's OWRBBS can save you time and money, and provide you with additional information that is not currently available when filing paper or magnetic media formats, such as receipt acknowledgment and processing status.

The OWRBBS has a new look for tax year 1998. The service is now browser capable, using web technology to navigate throughout the OWRBBS. Employers who dial into the OWRBBS the

first time will view a text-based system; however, you must download navigator and browser software (if you do not already have a compatible browser) in order to access all features of the service and upload wage reports. The Wildcat! Navigator software allows the user to custom connect to the SSA OWRBBS site and replaces Hyperterminal communication software utilized by the current OWRBBS.

Internet Explorer, which is the browser software offered as shareware, allows users to view the contents of OWRBBS "pages" and to "navigate" from one page to another. Another new feature for tax year 1998 is the addition of Accuwage software that is available as shareware. Magnetic Media Reporting and Electronic Filing (MMREF) pilot participants can download this program to test their wage reports for conformance with the new file format.

First time users are required to complete a one-time registration process. The modem phone number is 410-966-8450. Online registration for tax year 1998 began December 1, 1998. Please note that while SSA will be expanding the service each year, space is limited. If you are interested in transmitting your W-2 reports electronically this year, we encourage you to register early. Employers who used this service last year are asked to update their records in December.

The data you transmit over the OWRBBS must follow the specifications for diskette filers found in SSA's Publication 42-0007, *Magnetic Media Reporting for TY 1998 (TIB-4)*.

If you are a MMREF pilot participant, you must conform to the specifications contained in the MMREF booklet, dated April 1998. You can obtain a copies of the TIB-4 and MMREF publications from your SSA magnetic media coordinator, or download a copy from the OWRBBS. If you have additional questions, please contact your coordinator or call the SSA Employer Reporting hotline at 800-772-6270. Technical questions, however, should be addressed to the OWRBBS system operator at 410-966-5503 or 410-966-5549. —SSA

Get your FREE Copy of the 1999 Tax Calendar for Small Businesses.

It's filled with useful information on general business taxes, IRS and SSA customer assistance (phone numbers, web sites, etc.) and electronic options, business publications and forms and common tax filing dates.

Call IRS at 800-829-3676 to get yours today!

1999 Reporting Specifications Ready Easy Volunteer Application

Social Security is now accepting applications from employers wishing to participate in the second year of a phased implementation for using the new magnetic media and electronic filing reporting specifications. The new specifications entitled, *Magnetic Media Reporting and Electronic Filing Specifications* (MMREF), will replace the existing domestic and territorial Technical Information Bulletins (TIB) 4, 5, 6 and 7. The new specs contain one record format for all filing options (except paper) and were developed to accommodate electronic filing, provide room in the records for expansion and eliminate the need for filing the paper Form 6559.

The change in specifications will enable SSA to offer additional cost-effective customer service through an electronic interface. Additional services are expected to include acknowledgment of receipt, on-line status information and customer testing of data files prior to submission.

All magnetic media and electronic filers will be required to convert to the new record for Tax Year 2001 reporting (W-2's due to SSA by January-February 2002). However, filers can get a head start on the conversion by volunteering and submitting tax year 1999 data using the new specifications. This is an excellent opportunity especially for service bureaus and software vendors who can change over to the new format for their own company before being required to do so for their employer clients. In this venue, participation could prove to be an excellent new client marketing strategy. Partici-

pants can file their tax year 1999 data on magnetic tape or cartridge, 3-1/2" or 5-1/4" diskette, or electronically via direct electronic data transfer or SSA's Online Wage Reporting Bulletin Board Service (OWRBBS). Plenty of assistance will be available to help filers make the transition from the TIB record format to the MMREF record format. There will be instructions for creating the new record formats in the MMREF-1 and MMREF-2 (for corrections) instruction booklets. Assistance in the form of test software will be available in October 1998 to download from the OWRBBS to test the output of your software.

Tax Year 1999 MMREF Volunteer Application Form

Company Name:

EIN:

Address (Street Address, City, State, Zip Code):

Contact Name:

Telephone Name:

Fax Number:

Email Address:

Type of Company: Employer _____
Software Vendor _____

Payroll Preparer _____

Number of W-2s:

Number of Files Submitted in TY 1997:

Filing Method: BBS: _____ EDT: _____

Tape: _____ Cartridge: _____

Diskette: 3-1/2" _____, 5-1/4" _____

Submit Application to: Social Security Administration, MMREF Participation Team, Division of Earnings, Control and Processing, 3-B-15 Operations Bldg., 6401 Security Boulevard, Baltimore, Maryland 21235; or via fax: 410-966-4159.

For more information, check the Net

SSA — www.ssa.gov

IRS — www.irs.ustreas.gov

A "SAMPLE" copy of the MMREF is available now to all submitters. Starting in April, 1999, a "TY 1999 PARTICIPANT" version of the MMREF-1 and MMREF-2 will be distributed to those who complete an application and send it to SSA. Once you file using the MMREF format, you will no longer receive the TIB each year. Instead, the MMREF will be sent to you each October. Volunteering to participate is easy. All you need do is complete the application form included in this publication and fax it to 410-966-4159 or mail it using the address on the form. General information and answers to specific questions can be obtained by: Fax -410-966-4159; Email - mmref.team@ssa.gov; SSA's Internet Home Page - www.sba.gov; Employer Information Bulletin Board Service by modem 410-965-1133; SSA's Employer Information Hotline 800-772-6270. —SSA

TIP AGREEMENTS

Continued from page 2

ber of TRDA Agreements is nearly 1,100, representing over 2,400 establishments. The IRS is continuing its efforts to raise the compliance level in this industry and to promote consistency across the country. IRS employees have been receiving updated training in this area.

As part of an outreach effort, IRS employees will be making field calls to businesses where tipping is customary, explaining both arrangements and providing business owners with copies of written material to aid them in educating themselves and their workers. But you don't have to wait for an IRS representative to visit you to get more information about TRDA or TRAC. Information is available through the Tip Coordinator at the local IRS office and the "Tips on Tips" brochures (employer and employee versions). This and other publications relating to tip income can be ordered by calling the IRS at 800-829-3676. —IRS



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cations contained in the MMREF booklet dated April 1998. You can obtain copies of the TIB-4 and MMREF publications from your SSA magnetic media coordinator, or download a copy from the OWRBBS. If you have additional questions, please contact either your coordinator or call the SSA Employer Reporting hotline at (800) 772-6270. Technical questions, however, should be addressed to the OWRBBS system operator at (410) 966-5503 or (410) 966-5549.

1999 Reporting Specifications Ready Easy Volunteer Application

Social Security is now accepting applications from employers wishing to participate in the second year of a phased implementation for using the new magnetic media and electronic filing reporting specifications. The new specifications entitled, Magnetic Media Reporting and Electronic Filing Specifications (MMREF), will replace the existing domestic and territorial Technical Information Bulletins (TIB) 4, 5, 6 and 7. The new specs contain one record format for all filing options (except paper) and were developed to accommodate electronic filing, provide room in the records for expansion and eliminate the need for filing the paper Form 6559.

The change in specifications will enable SSA to offer additional cost-effective customer service through an electronic interface. Additional services are expected to include acknowledgment of receipt, on-line status information and customer testing of data files prior to submission.

All magnetic media and electronic filers will be required to convert to the new record for Tax Year 2001 reporting (W-2's due to SSA by January-February 2002). How-

ever, filers can get a head start on the conversion by volunteering and submitting tax year 1999 data using the new specifications. This is an excellent opportunity especially for service bureaus and software vendors who can change over to the new format for their own company before being required to do so for their employer clients. In this venue, participation could prove to be an excellent new client marketing strategy. Participants can file their tax year 1999 data on magnetic tape or cartridge, 3* or 5* diskette, or electronically via direct electronic data transfer or SSA's Online Wage Reporting Bulletin Board Service (OWRBBS). Plenty of assistance will be available to help filers make the transition from the TIB record format to the MMREF record format. There will be instructions for creating the new record formats in the MMREF-1 and MMREF-2 (for corrections) instruction booklets. Assistance in the form of test software will be available in October 1998 to download from the OWRBBS to test the output of your software.

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Are you Y2K OK?

A message from the U.S. Small Business Administration

On January 1, 2000, some computer-based systems will begin processing information as if it were January 1, 1900. This is called the Year 2000 problem or the "Y2K bug." It may cause problems for your small business unless you act now. This is not just a computer problem. It could affect any equipment that uses a computer chip as well as the suppliers and business partners you rely on.

Here are three steps every small business should take:

1. Self-Assessment. Take a self-assessment test. Check your computers, as well as any electronic equipment that uses time-sensitive embedded electronic chips. The U.S. Small Business Administration's Y2K website explains how to take this test.

2. Take Action Now. Don't wait. Fix any Y2K problems you uncover, and test your results. Ask your vendors for assistance.

3. Stay Informed. Logging on to various Internet Y2K sites is an excellent way to stay current; the SBA website is a good place to start. Ask your bank, building manager, suppliers, customers and others critical to your organization if they are Y2K-compliant.

For more information contact the SBA at 800-U-ASK-SBA, or www.sba.gov. —SBA



